

HB0396S02 compared with HB0396

~~{Omitted text}~~ shows text that was in HB0396 but was omitted in HB0396S02

inserted text shows text that was not in HB0396 but was inserted into HB0396S02

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

1 **~~{Public}~~ Special Project Subcontractor Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jefferson S. Burton

Senate Sponsor:Brady Brammer



2
3 **LONG TITLE**

4 **General Description:**

5 This bill modifies disclosure requirements for subcontractors.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms;
- 9 ▶ enacts a new workers' compensation insurance attestation requirement for an employer seeking a zero estimated exposure policy, including a mandatory signed statement and criminal fraud warning;
- 12 ▶ shifts several fixed interest rates and penalty amounts under the Employment Security Act to amounts the division determines by rule;
- 14 ▶ clarifies enforcement authority and penalty structures related to unemployment insurance reporting, collections, liens, and warrants;
- 16 ▶ creates new compliance and disclosure obligations for a subcontractor working on a ~~{public~~ } special construction project, including employee reporting and zero estimated exposure policy disclosures;
- 19 ▶

HB0396 compared with HB0396S02

requires a subcontractor on a {~~public~~} special project to provide employee information to the division;

- 21 ▶ requires a general contractor and a property owner to retain documentation for audit and enforcement purposes;
- 23 ▶ authorizes the Division of Professional Licensing to make audit recommendations to the State Tax Commission;
- 25 ▶ expands the definition of unprofessional conduct to include failure to comply with newly enacted subcontractor requirements; {and}
- 27 ▶ provides a coordination clause to substantively and technically coordinate changes between this bill and H.B. 40, Utah Construction Trades Licensing Act Amendments; and
- 27 ▶ makes technical and conforming changes.

31 Money Appropriated in this Bill:

32 None

33 Other Special Clauses:

34 This bill provides a coordination clause.

35 Utah Code Sections Affected:

36 AMENDS:

37 **35A-4-305** , as last amended by Laws of Utah 2024, Chapter 110

38 **58-55-502** , as last amended by Laws of Utah 2022, Chapter 415

39 ENACTS:

40 **31A-22-1017** , Utah Code Annotated 1953

41 **58-55-313** , Utah Code Annotated 1953

42 Utah Code Sections affected by Coordination Clause:

43 **58-55-202** , as enacted by H.B. 40 (2026)

44 **58-55-213** , Utah Code Annotated 1953

45 **58-55-313** , Utah Code Annotated 1953

46 **58-55-603** , as last amended by Laws of Utah 2025, Chapter 302

47

48 *Be it enacted by the Legislature of the state of Utah:*

49 Section 1. Section **1** is enacted to read:

50 **31A-22-1017. Attestation required.**

HB0396 compared with HB0396S02

- 43 (1) As used in this section, "zero estimated exposure policy" means a policy of insurance that an employer obtains to cover the employer's liability to pay compensation under Title 34A, Chapter 2, Workers' Compensation Act, or Title 34A, Chapter 3, Utah Occupational Disease Act, after reporting the employer's total estimated exposure is zero.
- 47 (2) An insurer shall require each applicant for a zero estimated exposure policy to sign an attestation in capital letters with substantially the following form and content "I ATTEST THAT ALL INFORMATION PROVIDED IN THIS APPLICATION IS CURRENT, TRUE, ACCURATE, AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER ATTEST THAT I HAVE NO EMPLOYEES AND AN ESTIMATED EXPOSURE OF ZERO. IF I EMPLOY ANY EMPLOYEES DURING THE POLICY PERIOD, I SHALL PROVIDE WRITTEN NOTICE TO MY WORKERS' COMPENSATION INSURER WITHIN 60 DAYS AFTER THE EMPLOYMENT BEGINS, AND INCLUDE THE ESTIMATED PAYROLL AND CLASSIFICATION CODES FOR THOSE EMPLOYEES. I UNDERSTAND THAT AN OMISSION OR MISREPRESENTATION MADE WITH INTENT TO DEFRAUD IN THIS APPLICATION CONSTITUTES A CRIMINAL ACTION."
- 68 Section 2. Section **35A-4-305** is amended to read:
- 69 **35A-4-305. Collection of contributions -- Unpaid contributions to bear interest -- Offer to compromise.**
- 63 (1)
- (a) Contributions unpaid on the date on which [they] the contributions are due and payable, as [prescribed by the division] the division determines, shall bear interest at [the rate of 1% per month] a rate the division determines by rule the division makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, from and after that date until the division receives payment plus accrued interest[is received by the division].
- 69 (b)
- (i) Contribution reports not made and filed by the date on which [they] the contribution reports are due as [prescribed by the division] the division determines are subject to a penalty the division determines by rule the division makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to be assessed and collected in the same manner as contributions due under this section[equal to 5% of the contribution due if the failure to file on time was not more than 15 days, with an additional 5% for each additional 15 days or fraction thereof during which the

HB0396 compared with HB0396S02

failure continued, but not to exceed 25% in the aggregate and not less than \$25 with respect to each reporting period].

78 (ii) If a report is filed after the required time and ~~[it is shown to the satisfaction of the division or its]~~ the division or the division's authorized representative determines that the failure to file was due to a reasonable cause and not to willful neglect, no ~~[addition shall be made to the contribution]~~ penalty may be assessed.

82 (c)
(i) If contributions are unpaid after 10 days from the date ~~[of the mailing or personal delivery by the division or its authorized representative, of]~~ the division or the division's authorized representative mails or personally delivers a written demand for payment, there shall attach to the contribution, to be assessed and collected in the same manner as contributions due under this section, a penalty ~~[equal to 5% of the contribution due]~~ the division determines by rule the division makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

90 (ii) A penalty may not attach if within 10 days after the mailing or personal delivery, arrangements for payment ~~[have been]~~ are made with the division, or ~~[its]~~ the division's authorized representative, and payment is made in accordance with those arrangements.

94 (d) The division shall assess as a penalty a service charge, in addition to any other penalties that may apply, in an amount not to exceed the service charge imposed by Section 7-15-1 for dishonored instruments if:

97 (i) any amount due the division for contributions, interest, other penalties or benefit overpayments is paid by check, draft, order, or other instrument; and

99 (ii) the instrument is dishonored or not paid by the institution against which ~~[it]~~ the instrument is drawn.

101 (e) Except for benefit overpayments under Subsection 35A-4-405(5), benefit overpayments, contributions, interest, penalties, and assessed costs, uncollected three years after ~~[they become]~~ becoming due, may be charged as uncollectible and removed from the records of the division if:

105 (i) no assets belonging to the liable person and subject to attachment ~~[can be]~~ are found; and

107 (ii) in the opinion of the division there is no likelihood of collection at a future date.

108 (f) ~~[Interest]~~ The division shall deposit interest and penalties collected in accordance with this section ~~[shall be deposited]~~ into the Workforce Initiatives Fund created in Section 35A-4-506.

111

HB0396 compared with HB0396S02

- (g) ~~[Action required for the collection of sums]~~ The division may bring an action to collect a sum due under this chapter ~~[is]subject to [the applicable limitations of actions under]~~ Title 78B, Chapter 2, Statutes of Limitations.
- 114 (2)
- (a) If an employer fails to file a report when ~~[prescribed by the division]~~ the division prescribes for the purpose of determining the amount of the employer's contribution due under this chapter, or if the report when filed is incorrect or insufficient or is not satisfactory to the division, the division may determine the amount of wages paid for employment during the period or periods with respect to which the reports were or should have been made and the amount of contribution due from the employer on the basis of any information ~~[it]~~ the division may ~~[be able to]~~ obtain.
- 121 (b) The division shall give written notice of the determination to the employer.
- 122 (c) The determination is considered correct unless:
- 123 (i) the employer, within 10 days after mailing or personal delivery of notice of the determination, applies to the division for a review of the determination as provided in Section 35A-4-508; or
- 126 (ii) ~~[unless]~~the division or ~~[its]~~ the division's authorized representative ~~[of its own motion]~~ reviews the determination.
- 128 (d) The amount of contribution determined under Subsection (2)(a) is subject to penalties and interest as provided in Subsection (1).
- 130 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division shall make rules making a penalty for an employer who fails to file a report or files an incorrect report due to the employer's misclassification of an employee, as defined in Section 34-47-102.
- 134 (3)
- (a) If, after due notice, an employer defaults in the payment of contributions, interest, or penalties on the contributions, or a claimant defaults in a repayment of benefit overpayments and penalties on the overpayments, the amount due shall be collectible by civil action in the name of the division, and the employer adjudged in default shall pay the costs of the action.
- 139 (b) Civil actions brought under this section to collect contributions, interest, or penalties from an employer, or benefit overpayments and penalties from a claimant shall be:
- 141 (i) heard by the court at the earliest possible date; and
- 142 (ii) entitled to preference upon the calendar of the court over all other civil actions except:
- 144 (A) petitions for judicial review under this chapter; and

HB0396 compared with HB0396S02

- 145 (B) cases arising under the workers' compensation law of this state.
- 146 (c)
- (i)
- (A) To collect contributions, interest, or penalties, or benefit overpayments and penalties due from employers or claimants located outside Utah, the division may employ private collectors providing debt collection services outside Utah.
- 150 (B) Accounts may be placed with private collectors only after the employer or claimant has been given a final notice that the division intends to place the account with a private collector for further collection action.
- 153 (C) The notice shall advise the employer or claimant of the employer's or claimant's rights under this chapter and the applicable rules of the department.
- 155 (ii)
- (A) A private collector may receive as compensation up to 25% of the lesser of the amount collected or the amount due, plus the costs and fees of any civil action or postjudgment remedy instituted by the private collector with the approval of the division.
- 159 (B) The employer or claimant shall be liable to pay the compensation of the collector, costs, and fees in addition to the original amount due.
- 161 (iii) A private collector is subject to the federal Fair Debt Collection Practices Act, 15 U.S.C. Sec. 1692 et seq.
- 163 (iv)
- (A) ~~[A civil action may not be maintained by a]~~ A private collector may not maintain a civil action without specific prior written approval ~~[of]~~ from the division.
- 166 (B) When division approval is given for civil action against an employer or claimant, the division may cooperate with the private collector ~~[to the extent necessary]~~ to effect the civil action.
- 169 (d)
- (i) Notwithstanding Section 35A-4-312, the division may disclose the contribution, interest, penalties or benefit overpayments and penalties, costs due, the name of the employer or claimant, and the employer's or claimant's address and telephone number when any collection matter is referred to a private collector under Subsection (3)(c).

174

HB0396 compared with HB0396S02

- (ii) A private collector is subject to the confidentiality requirements and penalty provisions provided in Sections 35A-4-312 and 76-8-1304, except to the extent disclosure is necessary in a civil action to enforce collection of the amounts due.
- 177 (e) An action taken by the division under this section may not be construed to be an election to forego
other collection procedures by the division.
- 179 (4)
- (a) In the event of a distribution of an employer's assets under an order of a court under the laws of Utah, including a receivership, assignment for benefits of creditors, adjudicated insolvency, composition, or similar proceedings, contributions then or thereafter due shall be paid in full prior to all other claims except taxes and claims for wages of not more than \$400 to each claimant, earned within five months of the commencement of the proceeding.
- 185 (b) If an employer commences a proceeding in the Federal Bankruptcy Court under a chapter of 11 U.S.C. 101 et seq., as amended by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, contributions, interest, and penalties then or thereafter due shall be entitled to the priority provided for taxes, interest, and penalties in the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.
- 190 (5)
- (a) In addition and as an alternative to any other remedy [~~provided by this chapter~~] this chapter provides, and provided that no appeal or other proceeding for review [~~provided by this chapter~~] this chapter provides is [~~then~~] pending and the time for taking it has expired, the division may issue a warrant in duplicate, under [~~its~~] the division's official seal, directed to the sheriff of any county of the state, commanding the sheriff to levy upon and sell the real and personal property of a delinquent employer or claimant found within the sheriff's county for the payment of the contributions due, with the added penalties, interest, or benefit overpayment and penalties, and costs, and to return the warrant to the division and pay into the fund the money collected by virtue of the warrant by a time to be specified in the warrant, not more than 60 days from the date of the warrant.
- 201 (b)
- (i) Immediately upon receipt of the warrant in duplicate, the sheriff shall file the duplicate with the clerk of the district court in the sheriff's county.

203

HB0396 compared with HB0396S02

- (ii) The clerk shall enter in the judgment docket, in the column for judgment debtors, the name of the delinquent employer or claimant mentioned in the warrant, and in appropriate columns the amount of the contribution, penalties, interest, or benefit overpayment and penalties, and costs, for which the warrant is issued and the date when the duplicate is filed.
- 208 (c) The amount of the docketed warrant shall:
- 209 (i) have the force and effect of an execution against all personal property of the delinquent employer; and
- 211 (ii) become a lien upon the real property of the delinquent employer or claimant in the same manner and to the same extent as a judgment duly rendered by a district court and docketed in the office of the clerk.
- 214 (d) After docketing, the sheriff shall:
- 215 (i) proceed in the same manner as is prescribed by law with respect to execution issued against property upon judgments of a court of record; and
- 217 (ii) be entitled to the same fees for the sheriff's services in executing the warrant, to be collected in the same manner.
- 219 (6)
- (a) Contributions [~~imposed by this chapter~~] this chapter imposes are a lien upon the property of an employer liable for the contribution required to be collected under this section who shall sell out the employer's business or stock of goods or shall quit business, if the employer fails to make a final report and payment on the date [~~subsequent to~~] after the date of selling or quitting business on which [~~they~~] the contributions are due and payable as prescribed by rule.
- 225 (b)
- (i) An employer's successor, successors, or assigns, if any, are required to withhold sufficient of the purchase money to cover the amount of the [~~contributions and interest or penalties~~] contributions, interest, and penalties due and payable until the former owner produces a receipt from the division showing that [~~they~~] the contributions, interest, and penalties have been paid or a certificate stating that no amount is due.
- 231 (ii) If the purchaser of a business or stock of goods fails to withhold sufficient purchase money, the purchaser is personally liable for the payment of the amount of the contributions required to be paid by the former owner, interest and penalties accrued and unpaid by the former owner, owners, or assignors.

HB0396 compared with HB0396S02

- 235 (7)
- (a) If an employer is delinquent in the payment of a contribution, the division may give notice of the amount of the delinquency by registered mail to all persons having in their possession or under their control, any credits or other personal property belonging to the employer, or owing any debts to the employer at the time of the receipt by them of the notice.
- 240 (b) A person notified under Subsection (7)(a) shall neither transfer nor make any other disposition of the credits, other personal property, or debts until:
- 242 (i) the division has consented to a transfer or disposition; or
- 243 (ii) 20 days after the receipt of the notice.
- 244 (c) All persons notified under Subsection (7)(a) shall, within five days after receipt of the notice, advise the division of credits, other personal property, or other debts in their possession, under their control or owing by them, as the case may be.
- 247 (8)
- (a)
- (i) Each employer shall furnish the division necessary information for the proper administration of this chapter and shall include wage information for each employee, for each calendar quarter.
- 250 (ii) The information shall be furnished at a time, in the form and manner, and to those individuals as the department may ~~[by rule require]~~ require by rule the department makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 254 (iii) The division may require an employer to post a bond for failure to comply with the rules required by Subsection (8)(a)(i).
- 256 (b)
- (i) Each employer shall furnish each individual worker who is separated that information as the department may by rule require, and shall furnish within 48 hours of the receipt of a request from the division a report of the earnings of any individual during the individual's base-period.
- 260 (ii) The report shall be on a form prescribed by the division and contain all information prescribed by the division.
- 262 (c)
- (i) For each failure by an employer to conform to this Subsection (8) the division shall, unless good cause is shown, assess a ~~[\$50 penalty if the filing was not more than 15 days late]~~ penalty that

HB0396 compared with HB0396S02

the division determines by rule the division makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

266 [~~(i) If the filing is more than 15 days late, the division shall assess an additional penalty of \$50 for each~~
15 days, or a fraction of the 15 days that the filing is late, not to exceed \$250 per filing.]

269 [~~(iii)~~ (ii) The penalty is to be collected in the same manner as contributions due under this chapter.

271 [~~(d)~~

(i) ~~The division shall prescribe rules providing standards for determining which contribution reports shall be filed on magnetic or electronic media or in other machine-readable form.]~~

274 [~~(ii) In prescribing these rules, the division:]~~

275 [~~(A) may not require an employer to file contribution reports on magnetic or electronic media unless the employer is required to file wage data on at least 250 employees during any calendar quarter or is an authorized employer representative who files quarterly tax reports on behalf of 100 or more employers during any calendar quarter;~~]

280 [~~(B) shall take into account, among other relevant factors, the ability of the employer to comply at reasonable cost with the requirements of the rules; and]~~

282 [~~(C) may require an employer to post a bond for failure to comply with the rules required by this Subsection (8)(d).]~~

284 (9)

(a)

(i) An employer liable for payments in lieu of contributions shall file Reimbursable Employment and Wage Reports.

286 (ii) The reports are due on the last day of the month that follows the end of each calendar quarter unless the division, after giving notice, changes the due date.

288 (iii) A report postmarked on or before the due date is considered timely.

289 (b)

(i) Unless the employer can show good cause, the division shall assess a [~~\$50 penalty~~] penalty that the division determines by rule the division makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, against an employer who does not file Reimbursable Employment and Wage Reports within the time limits set out in Subsection (9)(a) if the filing was not more than 15 days late.

295

HB0396 compared with HB0396S02

[~~(ii) If the filing is more than 15 days late, the division shall assess an additional penalty of \$50 for each 15 days, or a fraction of the 15 days that the filing is late, not to exceed \$250 per filing.~~]

298 [~~(iii)~~] (ii) The division shall assess and collect the penalties referred to in this Subsection (9)(b) in the same manner as prescribed in Sections 35A-4-309 and 35A-4-311.

301 (10) If a person liable to pay a contribution or benefit overpayment [~~imposed by this chapter~~] that this chapter imposes neglects or refuses to pay [it] the contribution or benefit overpayment after demand, the amount, including any interest, additional amount, addition to contributions, or assessable penalty, together with any additional accruable costs, shall be a lien in favor of the division upon all property and rights to property, whether real or personal belonging to the person.

307 (11)

(a) The lien imposed by Subsection (10) arises at the time the assessment, as defined in the department rules, is made and continues until the liability for the amount assessed, or a judgment against the taxpayer arising out of the liability, is satisfied.

310 (b)

(i) The lien imposed by Subsection (10) is not valid as against a purchaser, holder of a security interest, mechanics' lien holder, or judgment lien creditor until the division files a warrant with the clerk of the district court.

313 (ii) For the purposes of this Subsection (11)(b):

314 (A) "Judgment lien creditor" means a person who obtains a valid judgment of a court of record for recovery of specific property or a sum certain of money, and who in the case of a recovery of money, has a perfected lien under the judgment on the property involved. A judgment lien does not include inchoate liens such as attachment or garnishment [~~liens until they ripen~~] until the inchoate lien ripens into a judgment. A judgment lien does not include the determination or assessment of a quasi-judicial authority, such as a state or federal taxing authority.

322 (B) "Mechanics' lien holder" means any person who has a lien on real property, or on the proceeds of a contract relating to real property, for services, labor, or materials furnished in connection with the construction or improvement of the property. A person has a lien on the earliest date the lien becomes valid against subsequent purchasers without actual notice, but not before the person begins to furnish the services, labor, or materials.

328 (C) "Person" means:

329 (I) an individual;

HB0396 compared with HB0396S02

- 330 (II) a trust;
- 331 (III) an estate;
- 332 (IV) a partnership;
- 333 (V) an association;
- 334 (VI) a company;
- 335 (VII) a limited liability company;
- 336 (VIII) a limited liability partnership; or
- 337 (IX) a corporation.
- 338 (D) "Purchaser" means a person who, for adequate and full consideration in money or money's worth, acquires an interest, other than a lien or security interest, in property which is valid under state law against subsequent purchasers without actual notice.
- 342 (E) "Security interest" means any interest in property acquired by contract for the purpose of securing payment or performance of an obligation or indemnifying against loss or liability. A security interest exists at any time:
- 345 (I) the property is in existence and the interest has become protected under the law against a subsequent judgment lien arising out of an unsecured obligation; and
- 348 (II) to the extent that, at that time, the holder has parted with money or money's worth.
- 350 (12)
- (a) Except in cases involving a violation of unemployment compensation provisions under Sections 76-8-1301, 76-8-1302, 76-8-1303, 76-8-1304, Subsection 35A-4-304(5), or Subsection 35A-4-405(5), and at the discretion of the division, the division may accept an offer in compromise from an employer or claimant to reduce past due debt arising from contributions or benefit overpayments imposed under this chapter.
- 356 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division shall make rules for allowing an offer in compromise provided under Subsection (12)(a).
- 368 Section 3. Section 3 is enacted to read:
- 369 **58-55-313. Subcontractors.**
- 361 (1) As used in this section:
- 362 (a) "First-tier subcontractor" means a subcontractor who contracts directly with the general contractor.
- 364 ~~{(b) {"Public project" means the contract is with or authorized by a public entity as defined in Section 63G-6a-103.}}~~

HB0396 compared with HB0396S02

- 366 (c){(b)} "Second-tier subcontractor" means a subcontractor that contracts with a subcontractor.
- 375 (c) "Special project" means:
- 376 (i) the contract is with or authorized by a public entity as defined in Section 63G-6a-103; or
- 378 (ii) the prime contract is in an aggregate amount of \$5,000,000 or more.
- 368 (d)
- (i) "Subcontractor" means a person under contract with a general contractor or another subcontractor to provide services or labor for the construction, installation, or repair of an improvement to real property.
- 371 (ii) "Subcontractor" includes a trade contractor or specialty contractor.
- 372 (iii) "Subcontractor" includes a first-tier subcontractor and a second-tier subcontractor.
- 374 (iv) "Subcontractor" does not include a supplier that provides only materials, equipment, or supplies to a general contractor or subcontractor.
- 376 (e) "Zero estimated exposure policy" means the same as that term is defined in Section 31A-22-1017.
- 378 (2) Before engaging in a construction trade on a {~~public~~} special project, a subcontractor shall:
- 379 (a) provide a list of current employees to the general contractor and the property owner for which the subcontractor engages in a construction trade;
- 381 (b) provide the general contractor and the property owner the second-tier subcontractor's name and the second-tier subcontractor's license number if the subcontractor intends to accept a contract with a second-tier subcontractor related to construction trade on a {~~public~~} special project;
- 385 (c) if the subcontractor holds a zero estimated exposure policy, provide to a person that contracts with the subcontractor for construction trade on a {~~public~~} special project:
- 387 (i) written notice that the subcontractor has a zero estimated exposure policy; and
- 388 (ii) a copy of the zero estimated exposure policy;
- 389 (d) ensure that each of the subcontractor's employees on the construction site possess photo identification and shall ensure that the identification will be presented to the division upon request; and
- 392 (e) provide to the general contractor and the property owner the estimated number of labor hours for their portion of the project.
- 394 (3) At the division's request, a subcontractor shall provide the following for each current employee of the subcontractor:
- 396 (a) the name of the employee;

HB0396 compared with HB0396S02

- 397 (b) the last four digits of the social security number of the employee; and
398 (c) if the employee possesses a professional license, the professional license number of the employee.
400 (4)
(a) The general contractor and the property owner shall retain the information the subcontractor
provides for three years from the day after the day on which the general contractor and the property
owner receive the information from the subcontractor.
404 (b) The general contractor and the property owner shall provide the information the general contractor
and the property owner receive from a subcontractor to the division at the division's request.
407 (5) The division may:
408 (a) make audit recommendations to the State Tax Commission; and
409 (b) provide information obtained in accordance with this section to the State Tax Commission.
422 Section 4. Section **58-55-502** is amended to read:
423 **58-55-502. Unprofessional conduct.**
Unprofessional conduct includes:
414 (1) failing to establish, maintain, or demonstrate financial responsibility while licensed as a contractor
under this chapter;
416 (2) disregarding or violating through gross negligence or a pattern of negligence:
417 (a) the building or construction laws of this state or any political subdivision;
418 (b) the safety and labor laws applicable to a project;
419 (c) any provision of the health laws applicable to a project;
420 (d) the workers' compensation insurance laws of this state applicable to a project;
421 (e) the laws governing withholdings for employee state and federal income taxes, unemployment taxes,
Social Security payroll taxes, or other required withholdings; or
423 (f) any reporting, notification, and filing laws of this state or the federal government;
424 (3) any willful, fraudulent, or deceitful act by a licensee, caused by a licensee, or at a licensee's
direction which causes material injury to another;
426 (4) contract violations that pose a threat or potential threat to the public health, safety, and welfare
including:
428 (a) willful, deliberate, or grossly negligent departure from or disregard for plans or specifications, or
abandonment or failure to complete a project without the consent of the owner or the owner's duly

HB0396 compared with HB0396S02

authorized representative or the consent of any other person entitled to have the particular project completed in accordance with the plans, specifications, and contract terms;

- 433 (b) failure to deposit funds to the benefit of an employee as required under any written contractual obligation the licensee has to the employee;
- 435 (c) failure to maintain in full force and effect any health insurance benefit to an employee that was extended as a part of any written contractual obligation or representation by the licensee, unless the employee is given written notice of the licensee's intent to cancel or reduce the insurance benefit at least 45 days before the effective date of the cancellation or reduction;
- 440 (d) failure to reimburse the Residence Lien Recovery Fund as required by Section 38-11-207;
- 442 (e) failure to provide, when applicable, the information required by Section 38-11-108; and
- 444 (f) willfully or deliberately misrepresenting or omitting a material fact in connection with an application to claim recovery from the Residence Lien Recovery Fund under Section 38-11-204;
- 447 (5) failing as an alarm company to notify the division of the cessation of performance of [its] the alarm company's qualifying agent, or failing to replace [its] the alarm company's qualifying agent as required under Section 58-55-304;
- 450 (6) failing as an alarm company agent to carry or display a copy of the licensee's license as required under Section 58-55-311;
- 452 (7) failing to comply with operating standards established by rule in accordance with Section 58-55-308;
- 454 (8) an unincorporated entity licensed under this chapter having an individual who owns an interest in the unincorporated entity engage in a construction trade in Utah while not lawfully present in the United States;
- 457 (9) an unincorporated entity failing to provide the following for an individual who engages, or will engage, in a construction trade in Utah for the unincorporated entity:
- 459 (a) workers' compensation coverage to the extent required by Title 34A, Chapter 2, Workers' Compensation Act, and Title 34A, Chapter 3, Utah Occupational Disease Act; and
- 462 (b) unemployment compensation in accordance with Title 35A, Chapter 4, Employment Security Act, for an individual who owns, directly or indirectly, less than an 8% interest in the unincorporated entity, as defined by rule made by the division in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

466

HB0396 compared with HB0396S02

(10) the failure of an alarm company or alarm company agent to inform a potential customer, before the customer's purchase of an alarm system or alarm service from the alarm company, of the policy of the county, city, or town within which the customer resides relating to priority levels for responding to an alarm signal transmitted by the alarm system that the alarm company provides the customer;[
or]

471 (11) failing to continuously maintain insurance and registration as required under Subsection
58-55-302(2)[-] ; or

473 (12) failing to comply with Section 58-55-313.

485 Section 5. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

487 Section 6. **Coordinating H.B. 396 with H.B. 40.**

If H.B. 396, Special Project Subcontractor Amendments, and H.B. 40, Utah

Construction Trades Licensing Act Amendments, both pass and become law, the Legislature intends that, on January 1, 2027:

(1) the following language be inserted as Subsection 58-55-603(9) in H.B. 40:

"(9) fails to comply with Section 58-55-213.";

(2) the following definitions be inserted alphabetically into Section 58-55-202 in H.B. 40

and that the existing subsections in Section 58-55-202 in H.B. 40 be renumbered accordingly:

(a) ""First-tier subcontractor" means a subcontractor that contracts directly with the general contractor.";

(b) ""Second-tier subcontractor" means a subcontractor that contracts with a subcontractor."

(c) ""Special project" means:

(i) the contract is with or authorized by a public entity as defined in Section 63G-6a-103; or

(ii) the prime contract is in an aggregate amount of \$5,000,000 or more."

(d) "(a) "Subcontractor" means a person under contract with a general contractor or another subcontractor to provide services or labor for the construction, installation, or repair of an improvement to real property.

(b) "Subcontractor" includes a trade contractor or specialty contractor.

(c) "Subcontractor" includes a first-tier subcontractor and a second-tier subcontractor.

(d) "Subcontractor" does not include a supplier that provides only materials, equipment, or

HB0396 compared with HB0396S02

supplies to a general contractor or subcontractor."; and

(e) ""Zero estimated exposure policy" means the same as that term is defined in Section 31A-22-1017.";

(3) Section 58-55-313 enacted in H.B. 396 not take effect; and

(4) Section 58-55-213 be enacted to read:

"58-55-213. Special project subcontractors.

(1) Before engaging in a construction trade on a special project, a subcontractor shall:

(a) provide a list of current employees to the general contractor and the property owner for which the subcontractor engages in a construction trade;

(b) provide the general contractor and the property owner the second-tier subcontractor's name and the second-tier subcontractor's license number if the subcontractor intends to accept a contract with a second-tier subcontractor related to construction trade on a special project;

(c) if the subcontractor holds a zero estimated exposure policy, provide to a person that contracts with the subcontractor for construction trade on a special project:

(i) written notice that the subcontractor has a zero estimated exposure policy; and

(ii) a copy of the zero estimated exposure policy;

(d) ensure that each of the subcontractor's employees on the construction site possess photo identification and shall ensure that the identification will be presented to the division upon request; and

(e) provide to the general contractor and the property owner the estimated number of labor hours for their portion of the project.

(2) At the division's request, a subcontractor shall provide the following for each current employee of the subcontractor:

(a) the name of the employee;

(b) the last four digits of the social security number of the employee; and

(c) if the employee possesses a professional license, the professional license number of the employee.

(3)(a) The general contractor and the property owner shall retain the information the subcontractor provides for three years from the day after the day on which the general contractor and the property owner receive the information from the subcontractor.

(b) The general contractor and the property owner shall provide the information the general

HB0396 compared with HB0396S02

contractor and the property owner receive from a subcontractor to the division at the division's request.

(4) The division may:

(a) make audit recommendations to the State Tax Commission; and

(b) provide information obtained in accordance with this section to the State Tax Commission."

2-24-26 2:52 PM